

# **Exhibit 10**

Filed Under Seal

IN THE UNITED STATES DISTRICT COURT  
FOR THE EASTERN DISTRICT OF TEXAS  
MARSHALL DIVISION

NETLIST, INC., ( CAUSE NO. 2:21-CV-463-JRG  
)  
Plaintiff, ( )  
vs. ( )  
SAMSUNG ELECTRONICS CO., LTD., ( )  
et al., ( ) MARSHALL, TEXAS  
( MARCH 28, 2023  
Defendants. ) 9:00 A.M.

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VOLUME 1

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PRETRIAL CONFERENCE  
BEFORE THE HONORABLE RODNEY GILSTRAP  
UNITED STATES CHIEF DISTRICT JUDGE

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1 Can I have the next slide?

2 But we have definitions in the agreement that tell us  
3 what's licensed, and it's Samsung's licensed products which  
4 are all semiconductor products manufactured by or for Samsung  
5 or its subsidiaries. And the exclusion that we're going to  
6 talk about here are foundry products, although Mr. Sheasby  
7 didn't spend much time on that. But that is an issue, and  
8 I'll touch on that.

9 Next slide, please.

10 Before the California court, Netlist argued that the JDLA  
11 was not limited to joint R & D. In the papers, Your Honor may  
12 have seen that there was an issue about whether or not we were  
13 going to limit -- the parties would limit the scope of the  
14 license to the JDLA only. And the JDLA by its terms was not  
15 limited -- the license under the JDLA was not so limited to  
16 the parties' joint development products.

17 You may recall that under the JDLA, the parties were to  
18 cooperate and create new products. And there was an issue  
19 that has been bandied back and forth about whether the license  
20 was somehow narrowly limited only to the jointly developed  
21 products.

22 I don't think that anybody is carrying that issue  
23 forward. And Netlist convinced Judge Scarsi that it was not  
24 so limited. And that was an issue. It was an issue that was  
25 presented to him, and they succeeded. There will be estoppel

1 and issue preclusion consequences for that.

2 Netlist has told the whole world that Samsung was  
3 licensed to everything. So back in 2017, they relied on their  
4 license to Samsung as their domestic industry in an ITC case.  
5 The Court's familiar with the fact that in an ITC case, the  
6 patentee has to prove that they or their licensees are  
7 practicing the patents.

8 And what did Netlist do in 2017? They went to the U.S.  
9 International Trade Commission and said, there's Samsung, our  
10 licensee, they are practicing these patents; therefore, we  
11 checked that box on what we have to prove.

12 We've seen in the parol evidence that in fact Netlist  
13 admits the license covered all of their patents and that  
14 related to all of Samsung's exposure on LRDIMMs, all of  
15 Samsung's memory that's at issue in this case.

16 We have had a little bit of an issue about the Korean Tax  
17 Tribunal, and I can cover that in more detail. But there's  
18 one fundamental fact that Netlist leaves out in all of their  
19 arguments here, and that is that Samsung was not a party to  
20 the Korean Tax Tribunal matter.

21 What happened with the Tax Tribunal is that Samsung was  
22 to pay Netlist some money. Korean law says, whenever you are  
23 paying money, you have to withhold taxes if it's for a patent  
24 royalty. There was a dispute before the Korean tax authority  
25 where Netlist said, hey, we want that money back. And they

1 had a case in front of the Korean tax authority. Samsung  
2 wasn't invited.

3 So all of these arguments that somehow Samsung was bound  
4 by that or estopped by that fail at the very first instance  
5 because Samsung wasn't invited to the party. They weren't  
6 there. So they can't be estopped; they can't be binding on  
7 them.

8 THE COURT: Let me stop you for a minute, Mr.  
9 Cordell. You made a statement a second ago that nobody is  
10 arguing here that the JDLA was limited to the joint  
11 development project. I saw that argument in Plaintiff's  
12 briefing over and over.

13 So has that been conceded to your knowledge, or did I  
14 misread their briefing, or --

15 MR. CORDELL: You are correct.

16 THE COURT: Revisit that statement for me.

17 MR. CORDELL: Sure. You are correct that that  
18 was -- and I hoped I acknowledged that, that it was in -- it  
19 was in the papers at the beginning. It just didn't --

20 THE COURT: You don't need to add anything to this,  
21 Mr. Sheasby.

22 MR. SHEASBY: I'm not going to say -- but this is  
23 sort of Netlist's confidential information. I'd like for the  
24 courtroom to be sealed because we are a public company. The  
25 terms of it both are material.

1 THE COURT: Are you talking about the terms of the  
2 JDLA?

3 MR. SHEASBY: Yes, Your Honor. I'm not trying to --

4 MR. CORDELL: I'm going to do it at a very high  
5 level.

6 THE COURT: I don't think we need to seal the  
7 courtroom at this point. You can reurge it later.

8 Go ahead, Counsel.

9 MR. CORDELL: My point is that as the briefing was  
10 developed, no one seemed to -- to be focused on whether or not  
11 these products were the jointly developed products or not.  
12 That issue seemed to kind of go by the boards, as it should,  
13 because the reality is that JDLA was in no way limited to  
14 jointly developed products.

15 Again, I can take you back to the language of the  
16 license, and the license --

17 THE COURT: I've read the JDLA.

18 MR. CORDELL: Yes. Thank you.

19 THE COURT: Several times unfortunately.

20 MR. CORDELL: I'm going to come back to it yet  
21 again.

22 So we do have an issue about the foundry products. And  
23 Mr. Sheasby didn't visit this, but I will and I'll do it in  
24 some detail. But the reality is people in the business know  
25 exactly what a foundry product is.

1           They know that a foundry product is when a company comes  
2   to a foundry, people that have a semiconductor line, and they  
3   have a tape in their hands, and they hand it over and they  
4   say, can you make this tape into a semiconductor product?  
5   They feed the tape into the machine, out come the  
6   semiconductor products.

7           It has to be designed by somebody else. It has to be  
8   their information. It has to be their product. That's the  
9   way the foundry product process works.

10          But, importantly here, and, again, I'll treat this in  
11   some detail, the problem that Netlist faces in this case is  
12   that they haven't accused any foundry products. So it's one  
13   thing to say that Samsung has a foundry product business.  
14   That is true. Samsung will make products for other companies.

15          But the only way it's relevant in this case is that  
16   if Netlist says product X28.48 is accused and it's a foundry  
17   product and therefore excluded from the license. And they  
18   just haven't done that. So we don't have any accusation of a  
19   foundry product which makes it very difficult.

20          What we know from the experts is that they say the  
21   products that actually are accused were designed by Samsung,  
22   not by some third party. So we have Doctor Brogioli, who is  
23   the '060 and '160 HBM patents' expert. And he affirmatively  
24   says that Samsung is the one who is designing and  
25   manufacturing these accused products. It's not incidental.

1 He says it -- says it right out because he wants to show  
2 direct infringement, so he's got a reason to make that  
3 statement.

4 Slide 16.

5 We have again another statement from him about the design  
6 and the -- the purposeful design of the products for the '060  
7 and '160 Patents. It's not incidental. It's not off the  
8 cuff.

9 Doctor Mangione-Smith, who is the expert on the remainder  
10 of the patents, the LRDIMM patents, again makes the statement  
11 that Samsung is the one who designs these products. It's not  
12 incidental. It's not off the cuff.

13 We have Samsung employees at slide 18, Mr. Sri (ph) and  
14 Mr. Kim, that both say that there are no foundry products  
15 here, that the ones that have been accused in this case are  
16 Samsung products, which make sense, Your Honor, because these  
17 are memory products. These are kind of commodities.

18 These are the things that Samsung makes and sells widely,  
19 and it's -- would be unusual for a company to come to Samsung  
20 and say, I want you to make a commodity product based on our  
21 design. That would be -- that would be a fairly unusual  
22 thing. The documents in this case overwhelmingly show that  
23 these are Samsung products made according to Samsung's design  
24 for Samsung's purposes and they're sold as Samsung products.

25 The evidence that Netlist points to is very, very sparse,



1 Your Honor. They point to this document that I've got up on  
2 slide 20, which is Exhibit 5 to Docket 264, and they say, aha,  
3 look, you make foundry products. Well, yes, the HBM product  
4 is a product, but it is not a foundry product.

5 So the chart they point to does have some foundry  
6 products. There are -- there are processors, although I  
7 should say that this document was prospective. This was a  
8 business case that could be accomplished. So it was not  
9 something that had been accomplished, but it was something  
10 that could be accomplished.

11 But for HBM, because this is a memory product, this is a  
12 commodity product; it's just, even in this business case,  
13 designated as a Samsung product rather than a foundry product.

14 The one document they point to over and over again is on  
15 slide 21, Exhibit 4 from Docket 264. And they say, aha, look,  
16 there's a memory division product, HBM, that's combined with a  
17 foundry product.

18 Again, Your Honor, this is a prospective presentation.  
19 This is something that could be done rather than something  
20 that has been done. But what they're pointing to are things  
21 like an interposer, an additional product that could be added  
22 that a customer might want. But that's a different issue.  
23 That doesn't tell us that the HBM was a foundry product.

24 And, critically, they've got to point to something. They  
25 got to point to a product somewhere that they tell us, they

1 stand before you and say, this product, the X28.48 memory  
2 product, was a foundry product made for this company according  
3 to their specifications. And they haven't been able to do  
4 that.

5 So the termination date. There really -- it's hard for  
6 me to understand how this could still be an issue. The JDLA  
7 itself gives us the mechanism for termination. Good contract  
8 lawyers don't leave the parties to wonder about their  
9 relationship as they move through a contract. Good contract  
10 lawyers don't leave to chance whether or not a contract is  
11 still in existence or not.

12 And the good contract lawyers that wrote this one  
13 provided a specific termination mechanism, one that Judge  
14 Scarsi recognized. He recognized that this was a -- this was  
15 not an executory covenant subject to -- you know -- or I  
16 can't -- I can't quite dredge up all the words from law  
17 school.

18 This was -- this was a -- an existing covenant that could  
19 be defeated if you followed the following steps: You had the  
20 right to terminate the agreement by written notice. And that  
21 13.2 termination provision was what Judge Scarsi relied on  
22 which binds Netlist, which means that none of this should be  
23 an issue in this case, because that's exactly what happened.

24 They sent us a letter on July 15, 2020, and they declared  
25 that they were terminating effective immediately, that is, of

1     that date. On that date, they elected that remedy. They  
2     could have sued and said, for past performance things weren't  
3     right. They could have made claims. But they elected  
4     termination. Election of remedies is an important part of  
5     this case.

6             And they said that we're terminating the agreement as of  
7     this date, including the patent license granted to Samsung.  
8     They didn't say the patent license that had been previously  
9     terminated; they didn't say the patent license that might be  
10    injured in some fashion. They said, we're terminating as of  
11    this date, which meant that it was in existence until that  
12    date.

13            The JDLA gave us the -- the process and the mechanism for  
14    termination. They followed it, and that's what Judge Scarsi  
15    ultimately decided on.

16            In the interrogatory responses in this court in this case  
17    just a couple of months ago, Halloween 2022, they put in an  
18    interrogatory response saying that the JDLA was terminated on  
19    this date, which ended the license granted to Samsung. The  
20    language could not have been clearer.

21            So part of the problem with Netlist's coming up with  
22    these new theories as we move through the case is they forget  
23    what they've said earlier. They could not have been clearer  
24    about this.

25            They told the California court this, of course, over and

1 over and over again. At slide 26, I have Exhibit 6 from the  
2 complaint in the Central District of California. They said  
3 that the licenses and rights previously granted to Samsung  
4 ceased on July 20, 2020. They had that wrong. It was July  
5 15, but they were close.

6 We know that the arguments they made in getting summary  
7 judgment, they absolutely emphasized that the JDLA was in  
8 force between November 2015 and its termination in July 2020.  
9 And they urged the Court to focus on that because that was the  
10 extant period of the contract.

11 Mr. Sheasby told us that, well, it's an executory  
12 covenant, and somehow he called it an executory contract. I  
13 think he meant executory covenant. I'm not sure about that.  
14 I'm not sure that -- and this is an argument that they bubbled  
15 up in the reply section of the briefing. I'm not sure that a  
16 license is an executory covenant. I think if we went back to  
17 law school and we had a debate about this, that executory  
18 covenant is something that requires you to take action, not  
19 something that requires you to forebear action.

20 And according to Mr. Sheasby, he says that a license  
21 means you are going to be free from suit. So we have no time  
22 machine, we have no ability to go back and have them take an  
23 action that they had promised to forebear. But we can leave  
24 that debate aside because the reality is what they told us,  
25 what they told Your Honor, what they told the California

1 court, is that the JDLA was in force from November 2015 to  
2 July 2020. And that's what Judge Scarsi found.

3 Judge Scarsi found that, when they sent that letter on  
4 July 15, 2020, they terminated it, and he specifically found  
5 that Netlist followed the rules that were set forth in clause  
6 13.1 of the JDLA. Their termination comported with the JDLA's  
7 termination method.

8 So their appeal--and I don't want to  
9 belabor this--repeats that in fact July 15, 2020, was the  
10 termination event -- terminating event for the JDLA. They  
11 have got this before the Ninth Circuit. They also told the  
12 Delaware court the same fact.

13 Slide 30 recites Exhibit 10 from Docket 255, that the  
14 letter of July 15, 2020, was the termination of the JDLA.

15 And then, finally, Your Honor, in this case, in this  
16 complaint, once again they tell us that they terminated the  
17 agreement on July 15, 2020.

18 At some point, at some point their statements to Your  
19 Honor, to us, to Judge Scarsi, to Delaware, to the Ninth  
20 Circuit, at some point those have to have meaning.

21 So with that, Your Honor, I'll turn to the preclusion  
22 arguments. We think issue preclusion does lie here. We think  
23 that Judge Scarsi was presented with this -- this issue. They  
24 could have advocated to him that the agreement had terminated  
25 much earlier.

1           Recall that the jury looked at this breach of contract  
2           claim in California and awarded zero dollars. Zero dollars.  
3           Judge Scarsi said, well, there was a breach; therefore, I have  
4           to enter nominal damages. They gave them \$1. \$1.

5           But they chose. They chose to ask for termination, they  
6           elected their remedies, and whatever damages they thought  
7           flowed from that -- that breach, that alleged breach, they  
8           were compensated for.

9           And so it's -- it's not accurate to suggest that somehow  
10          Judge Scarsi wasn't presented with this issue. They could  
11          have -- they could have made the repudiation argument that  
12          they make here, that somehow they were relieved of covenants  
13          earlier on and therefore whatever damages flowed from that --  
14          that -- that point forward would have happened. But that's  
15          not what they did. They elected July 15, 2020.

16          The issue was adjudicated, it was fully and fairly  
17          litigated, the determination was necessary to judgment, and  
18          there was nothing to excuse them. And so the reality is we  
19          have two issues: We have whether or not it covers the  
20          products--that was before Judge Scarsi--and when the license  
21          was terminated--that was also before Judge Scarsi. All four,  
22          all four of the issue preclusion elements are present here.

23                 THE COURT: Does it make a difference as to whether  
24          it was the identical issue, that that was a declaratory  
25          judgment action versus the structure of this action here?

1 MR. CORDELL: It would for claim preclusion. Your  
2 Honor, remember there are two -- we were taught in law school  
3 res judicata, and they kind of stopped right there. But now  
4 we -- we've refined it. The law has refined it so we have  
5 issue preclusion, which is when was the -- when was the  
6 contract terminated. It's a factual question. It follows the  
7 law, it was resolved, and we have a judgment that depended on  
8 it. That's issue preclusion.

9 Claim preclusion would suggest that no matter what claims  
10 the defenses could have been brought, they are now -- they are  
11 now barred under claim preclusion because the entirety of the  
12 transaction should have been barred. And in that case, it  
13 does matter what causes of action were brought.

14 And so claim preclusion we have from the Comer case in  
15 the Fifth Circuit that, in fact, if the same claim or cause of  
16 action was involved in both actions. And if you recall from  
17 the briefing, Netlist suggested that somehow our defenses were  
18 precluded because of this, because of claim preclusion.

19 Now it seems that Mr. Sheasby is arguing against claim  
20 preclusion which, frankly, we agree with, except for the scope  
21 of the JDLA. The idea that the JDLA didn't reach these  
22 products or somehow wasn't terminated on July 15, 2020, is  
23 subject to claim preclusion. Anything else they could have  
24 brought, any other remedy they could have sought, is now  
25 forestalled.

1           And then, finally, judicial estoppel, Your Honor. You  
2           can't make these repeated statements to courts all over the  
3           country and then come back and take them back. You just  
4           can't. We certainly can't do that here in Texas.

5           So with that, I'll -- I'll pass the -- pass the podium,  
6           Your Honor, unless you have other questions.

7           THE COURT: I don't, but I do think it would be  
8           effective, and perhaps I should have told you both this before  
9           we started, but Samsung has moved under Document 196 for  
10          summary judgment that the accused products sold before 2015  
11          are licensed.

12          I think that's part and parcel of this same issue. It's  
13          the other side of the coin, and I want to hear your arguments  
14          on that motion in conjunction with the 201 motion that you've  
15          been arguing on.

16          MR. CORDELL: Well, Your Honor, they're really the  
17          same issue.

18          THE COURT: So as long as you're at the podium, take  
19          the affirmative side of your motion.

20          MR. CORDELL: I will.

21          So we think that they're -- and I won't go back through  
22          the whole -- the whole analysis, but the reality is if you  
23          recall the language that I took Your Honor through on the JDLA  
24          is that the products were licensed. There's no dispute about,  
25          you know, whether the LRDIMM, you know, DDR4 versus DDR5, they



1 never raised any distinction there. Those -- those products  
2 are licensed if, in fact, the license was terminated on July  
3 15, 2020. I don't think there's a dispute about that.

4 The only dispute is the foundry products. And, again, if  
5 they can -- they can point us to a single accused product that  
6 is a foundry product, then I'll sit down. But they haven't  
7 done that. What their experts say is that all of the accused  
8 products were designed by Samsung, for Samsung, sold as  
9 Samsung products, which means that they're licensed.

10 So there's really nothing left other than Mr. Sheasby's  
11 repudiation argument that somehow earlier there was a  
12 termination of the license. But the law doesn't permit  
13 We've seen that from issue preclusion, from claim preclusion.

14 But to me the judicial estoppel is the most profound, the  
15 fact that they told us in the complaint in this case, in  
16 discovery just a couple of months ago, told Judge Scarsi, told  
17 the Delaware court, told the ITC, they have -- they have  
18 represented over and over again to virtually every judicial  
19 body they could find--the Ninth Circuit I left out--that in  
20 fact that license persisted until July 15, 2020, and they have  
21 to live up to that.

22 So with that, I think summary judgment does follow.

23 THE COURT: All right. Mr. Sheasby, let me hear  
24 from you.

25 MR. SHEASBY: Just briefly, Your Honor.

1           May I have my slides, Mr. Huynh? And if I can have slide  
2   43.

3           THE COURT: And, of course, I want you to address  
4   your response to Samsung's motion for summary judgment,  
5   Document 196, as a part of this.

6           MR. SHEASBY: Yes, Your Honor.

7           So I want to start off with just some importance on  
8   precision, which is in the interrogatory response. When they  
9   asked us for the first time what is our view of the JDIA, we  
10   expressly said that the JDIA was repudiated at the time of  
11   substantial non-performance. That was in our interrogatory  
12   response.

13          We also said that the JDIA excluded foundry products, and  
14   we also said that they were bound -- Samsung was bound by the  
15   decision of the KTT. So just as a matter of precision, the  
16   idea that this is a surprise or that this came out in -- in a  
17   reply brief on a motion just has no connection to reality.

18          Mr. Cordell actually showed a portion of this document,  
19   but omitted to show the portion--this is our Interrogatory  
20   Response No. 16--that made clear our position on all these  
21   issues.

22          If I could go back to slide 4, Mr. Huynh.

23          There are really three issues, each of which are disputed  
24   questions of fact, two of which are disputed questions of  
25   fact, one is an issue of comity, all of which we think require

1 denial of their motion and the grant of our motion.

2 The first is that these language -- this election of  
3 remedies language that Mr. Cordell used, there's no time  
4 machine that goes back. That is just not New York law. The  
5 parties agreed to New York law.

6 Under New York law, there are two mechanisms. There's a  
7 contractual mechanism of termination which is exercised in a  
8 particular date. That termination did not just apply to  
9 whatever license grant we had given them. It applied to a  
10 host of obligations that both parties had, all of which ended  
11 on that date.

12 Under New York law, there's a second issue, which is, at  
13 what point in time do you have to -- are you entitled to cease  
14 performing on an executory contract. And the point of time is  
15 when there's substantial non-performance. That is a question  
16 of law under New York law, and the idea --

17 THE COURT: Why is this an executory contract?

18 MR. SHEASBY: So the Ninth Circuit speaks to that in  
19 *In re CFLC*. So the contract at issue is a contract that  
20 requires us to forego bringing a lawsuit and seeking patent  
21 damages against them. And so under settled law -- and the  
22 Federal Circuit views that as well. And so I should say that  
23 the executory aspect of it is something that I'm adding.  
24 The --

25 THE COURT: I don't know why the Ninth Circuit

1 ruling here would be enforceable precedent in this court.

2 MR. SHEASBY: I don't think it is. So two things.  
3 One, the Mega Group and the *Merrill Lynch* case make no  
4 reference to executory. I'm using that as just a handle,  
5 which is, our performance is excused at the time of  
6 substantial non-performance. Our performance is not to seek  
7 patent damages against them.

8 We have a right to seek patent damages against them for  
9 six years before suit that we forewent based on this license  
10 agreement. We did not have to perform that at the time of  
11 substantial non-performance. And so we are entitled to bring  
12 a suit for those damages that we otherwise forewent based on  
13 the license agreement.

14 So I think executory versus non-executory is probably the  
15 wrong question. It's the *Merrill Lynch* case and the *In re*  
16 *Mega* case which both speak about the specific issues. They  
17 don't use the word executory. So I may have gotten us off on  
18 a detour by talking about that. It's that we have a right to  
19 have six years of damages from the time of filing a lawsuit.

20 We committed not to seek damages under the license  
21 agreement. They lost the right to rely on that commitment  
22 when there was a substantial non-performance. The substantial  
23 non-performance occurred on a particular date. From that date  
24 forward, we are entitled to seek damages. That's what the  
25 Second Circuit and the Interim Court of Appeals decides.

1 THE COURT: And your view of the date by which  
2 Samsung substantially failed to meet its obligations that you  
3 believe gives rise to that damages period in your mind, that  
4 is what date?

5 MR. SHEASBY: This is -- if you go to slide 8.

6 We believe it's on -- in January of 2018, there was a  
7 lunch meeting. And at that lunch meeting, they said, you get  
8 zero more, you get nothing from us. And we told them that was  
9 not allowed under the contract, and then we tried to negotiate  
10 with them.

11 I should say that's the -- the first issue.

12 The second issue is that we've taken the opinion that  
13 they -- taken the position that they had a right to our -- to  
14 sort of be relieved from infringement. I want you to look at  
15 this date. It's January 2018 is when they stopped. February  
16 18th is the date of this email.

17 But if you go to slide 38, the pleadings they're  
18 referring to were before the period of time in which they shut  
19 off the spigot. So this is an ITC proceeding from October of  
20 2017 when we were still hustling with them to get some  
21 performance and some product. It was before the period of  
22 time when they substantially shut off their performance.

23 That's the substantial non-performance issue, which is a  
24 question of fact under New York law.

25 The second issue is the foundry issue. If we go to slide

1 10, foundry products are not licensed if they are based on  
2 designs, specifications, or working drawings owned by such  
3 third party. It doesn't say based solely on. It doesn't say  
4 it has to be just a tape they receive. And we believe that  
5 there is substantial evidence in this case that the high  
6 bandwidth memory products are foundry products.

7 First off, they describe their high bandwidth memory  
8 products as a foundry product in their pleadings -- sorry, in  
9 their publications. They describe that they are using foundry  
10 services for each of the major purchasers of the HBM products.  
11 AND, Xylex, Microsoft, Amazon, Intel, nVidia are the major  
12 purchasers of the HBM products which we contend are foundry  
13 products.

14 And I think Mr. Cordell invited me to give an example,  
15 one example of a product that is a foundry product, and he  
16 would sit down. This is Exhibit 24 to our opposition at 1, in  
17 which they are specifically designing HBM3 products for nVidia  
18 and are making the changes that nVidia instructs so they can  
19 be custom for nVidia.

20 THE COURT: Let me ask this question, Mr. Sheasby.  
21 And I don't mean to get it out of order with your argument,  
22 but there are so many moving parts here, if I don't ask it, I  
23 may not remember it.

24 Tell me why, after Netlist concluded in January of 2018  
25 that Samsung had materially breached its obligation to perform

1 by refusing what you requested or what Netlist requested, tell  
2 me why two years effectively evolved between then and July  
3 2020, and what was it that delayed the 2020 action?

4 And are you alleging that somehow Samsung strung you  
5 along with promises that they would do better to drag out the  
6 time period, or did you reach the conclusion, or Netlist,  
7 rather, reach the conclusion that Samsung had materially  
8 failed to perform and you just took your own sweet time about  
9 doing what you did in 2020?

10 I need some context as to that two-year gap and who's  
11 responsible for the expiration of that time.

12 MR. SHEASBY: Sure, I'm happy to explain it.

13 THE COURT: I'm sure I may hear a different story  
14 from Mr. Cordell, but what's your version of that?

15 MR. SHEASBY: It was called begging. So the  
16 substantial portion of this company's business -- and, in  
17 fact, I can show you the slides if you want me to go to  
18 another deck -- when they cut off our royalty stream and  
19 it's -- the slide -- it's from Steve Metz to another Samsung  
20 employee. Samsung was effectively a hundred percent of our  
21 revenue, was us using Samsung product. It was existential for  
22 our business.

23 There was a joint development relationship relating to  
24 substantial product associated with this, and we begged them  
25 for years and -- for over a year-and-a-half to do something

1 about this.

2 In addition, what they did was something clever in the  
3 sense that there was an internal email in which they decided  
4 that they would give us \$500,000 of product over a certain  
5 period of time. And the email actually said, LOL, laugh out  
6 loud, we're going to give them \$500,000 of product.

7 So what they did is they kept giving a little bit of  
8 product, allowing us to hope that we would be able to repair  
9 this relationship. The relationship was not reparable. It  
10 became clear there was never going to be a hope of this  
11 achieving again.

12 In other words, this is not just a license agreement.  
13 This was the future of Netlist. Right? This was a JDIA in  
14 which there was going to be a joint development of a product  
15 design, they had a right of first refusal on our product  
16 design, there was going to be exchange of technology. This  
17 was a robust agreement, the license of which was only one part  
18 of it.

19 And so I can show you the slides, but that's the short  
20 answer.

21 THE COURT: Short answer, your view is that they  
22 strung you along.

23 MR. SHEASBY: They strung us along.

24 THE COURT: Okay.

25 MR. SHEASBY: The short answer is that under New



1     York law, stringing along is not a defense. In other words,  
2     from the moment of substantial non-performance under New York  
3     law, our obligation ceased.

4             THE COURT: All right. What other argument do you  
5     have for me?

6             MR. SHEASBY: And the last issue is -- so we talked  
7     about the foundry issue, and Mr. Cordell invited me to show  
8     him the evidence. I've shown him the evidence.

9             The next issue is, what do you do about the Korean Tax  
10    Tribunal decision that the license that Samsung received was  
11    limited to products that were part of the joint development  
12    relationship. This is only relevant to the HBM products. The  
13    HBM products were the only products for which patents existed  
14    before the termination date.

15            If you go to slide 21, this is where the Fifth Circuit  
16    instructs you to rely on comity. Was it rendered by a court  
17    of competent jurisdiction? Was there some type of due  
18    process? Did Samsung have the opportunity to be heard and  
19    were procedural formalities followed? And was there a formal  
20    renewal?

21            This is the decision of the Korean Tax Tribunal making  
22    clear that the agreement was limited to licenses under the  
23    joint development relationship. HBM was not part of the joint  
24    development relationship.

25            Samsung's representation that it was not a party to this

1 proceeding or did not have its right to be heard is entirely  
2 inconsistent with both the KTT decision, which stated that  
3 the -- that they were involved and submitted proceedings.

4 And if you look at Judge Scarsi's decision on the  
5 subject--this is Exhibit 22 to our opposition to their motion  
6 for summary judgment--Judge Scarsi actually noted that the  
7 Korean Tax Tribunal was a venue in which Samsung made, quote,  
8 arguments adverse to Netlist's interests. And Judge Scarsi  
9 actually adopted the Korean Tax Tribunal's decision.

10 I suggest that there -- I think -- I've dealt with claim  
11 preclusion. There's no claim preclusion because it's a  
12 different claim. The claim in that case was a declaratory  
13 judgment of whether the termination was effective.

14 The issue in this case is a response to their raising the  
15 license agreement as a defense. But if you go to slide 31,  
16 the idea that there was judicial estoppel or we told anyone  
17 anything different is just factually incorrect, and Judge  
18 Scarsi noted that as well.

19 We've always taken a position that the JDLA is limited to  
20 the joint development and research. He just said that was  
21 irrelevant to his decision. It was not relevant to his  
22 decision what the scope of the license are.

23 So four issues: substantial non-performance, foundry  
24 products, and whether they're bound by the KTT decision, and  
25 then the fourth issue is there's no claim or issue preclusion

1 or judicial estoppel.

2 Thank you, Your Honor.

3 THE COURT: Do you have anything else on Documents  
4 201 or 196?

5 MR. SHEASBY: Nothing, Your Honor.

6 THE COURT: All right. Mr. Cordell, I'll give you  
7 the last word on these, and then we'll move on.

8 MR. CORDELL: Thank you, Your Honor.

9 So let's start with the substantial non-performance  
10 issue.

11 Could I have slide 25? Sorry.

12 So Mr. Sheasby said, Wait a minute, we told them in  
13 interrogatory responses that we had other issues.

14 But, Your Honor, they could not have been clearer. They  
15 could not have been clearer. I put slide 25 back up, which is  
16 their response to Interrogatory 16, on July 15, 2020, Netlist  
17 sent Samsung a formal written notice terminating the JDLA  
18 which ended any license granted to Samsung.

19 Netlist needs to be true to its word. They can't tell us  
20 that early in the case and then later say, well, you know,  
21 maybe we really didn't mean that, maybe we thought it was  
22 repudiated much earlier, and that the license granted to  
23 Samsung somehow expired earlier.

24 Mr. Sheasby, once again, he seems to be retreating from  
25 the executory covenant argument, and now shows us New York law

1 suggesting that you might be excused from performance if  
2 someone commits a material breach. That is an  
3 unremarkable proposition. That's one that we were all taught  
4 that can happen, but that has to happen in the motion. That's  
5 an extant excuse.

6 So had they sued us in January of 2018, they could have  
7 pled that. That might make sense. But you can't go back now  
8 and say, well, you know, we could have been relieved of our  
9 burdens, we could have abandoned the contract and all of its  
10 benefits back in January of 2018, but they didn't. They  
11 waited until July 15, 2020. But there's more.

12 THE COURT: What's your version of why the period of  
13 time from '18 to '20 transpired?

14 MR. CORDELL: So my version is that it was Samsung's  
15 position that Netlist was abusing the supply part of the  
16 contract; that, in fact, the parties had understood that there  
17 would be some parts that were provided primarily for this  
18 joint development project, but there may have been some  
19 others.

20 But beyond that, there was a general memory shortage, and  
21 it was Samsung's view that Netlist was taking advantage of  
22 that situation; that they were -- they were depriving other  
23 Samsung customers of parts so that they could be the resellers  
24 and reap some profits because of the memory shortage. That's  
25 our view of what happened.

1 But, importantly, Your Honor, we have to go back to the  
2 contract, and the contract provides for this. Again, good  
3 contract lawyers don't allow the parties to drift around at  
4 sea while they -- they decide whether there's been a  
5 termination or not. Good contract lawyers will -- will  
6 provide for it.

7 So we go back to section 13, term and termination. And  
8 section 13 tells us what happens. They tell us what you have  
9 to do to terminate the contract. They tell us you got to give  
10 written notice. And, importantly, there's a cure provision.  
11 So you got to give 30 days for the other side to cure whatever  
12 breach you allege happened.

13 So if in January of 2018 they believed that there was a  
14 supply disruption or something that caused a breach of the  
15 contract, the contract says Netlist should have sent us a  
16 letter saying, hey, we're not getting the parts that we need,  
17 you need to give us some more parts, or whatever they felt  
18 like the breach was.

19 So the cure provision is there in black and white, and it  
20 is only if it is not cured within 30 days may they terminate  
21 the agreement or declare a breach. That's what section 13.2.1  
22 says. But there's more.

23 Then in 13.3, we have effective termination. And it  
24 tells us what happens to the license that we've been here  
25 arguing about for the last hour. What happens to the license

1 is that it terminates as of the effective date of the  
2 termination. There is no contractual right to this prior  
3 repudiation. There is no ability to go back in time and say,  
4 well, maybe we're going to pull the license back sometime  
5 earlier.

6 They agreed to this in black and white, that the rights  
7 granted to the defaulting party -- they say Samsung defaulted.  
8 Samsung's rights will cease forthwith as of the effective date  
9 of such termination. Not before, not when they thought there  
10 might be a problem, not when they thought, well, maybe we  
11 should write them a letter, but as of the effective date of  
12 the termination.

13 Judge Scarsi determined the effective date. They  
14 admitted that's the effective date. This has been an enormous  
15 expense of the Court's resources for no purpose.

16 Let me address the foundry issue. So I did challenge Mr.  
17 Sheasby to show us an accused product, not any product but an  
18 accused product that qualified as a foundry product. What did  
19 he show us? Well, he showed us a slide that said that Samsung  
20 does, in fact, have a foundry business. And they do. They  
21 will make parts for other companies when they have time. That  
22 is true. That doesn't tell us that there are any parts  
23 accused in this case that were so made.

24 He then showed us this slide and said, Aha, look, HBM --  
25 some of the customers of HBM are listed on this slide.

1 Well, they are, Your Honor. But the fact is there are  
2 several businesses mentioned on this slide. There is foundry  
3 services; that is true.

4 I can zoom in on that.

5 But there's also memory, a completely different business  
6 or platform services. The fact is that Samsung does a lot of  
7 things for a lot of companies. Again, I'm waiting to see an  
8 accused product that actually qualifies under the definition  
9 of a foundry product.

10 And then his -- his big gun is this slide where he  
11 says -- let me get my notes -- he says, Aha, I found one,  
12 there we go. This HBM3 that's provided to nVidia,  
13 that's -- there you go. That's -- you wanted a product, he  
14 gave us a product.

15 Well, number one, Your Honor, that's not a product.  
16 Okay? There is no accused product called HBM3. That's a  
17 class of products. That's like saying, you know, a four-door  
18 sedan. That's not a, you know, Ford, I guess, Taurus would be  
19 a four-door sedan. It's hard for me to think of one. That  
20 would be a product. This is not a product. That's a class of  
21 products.

22 But, critically, critically, HBM3 was not introduced  
23 until 2021 at the earliest. That whole class of products  
24 didn't exist during the effective time period of the license.  
25 So not only do they not tell us a product, this class of

1 products can't qualify. It can't be an accused product  
2 because it didn't exist at the time the license was there.

3 So he's got to show us an accused product or he loses the  
4 foundry issue. You can't just rely on their evidence.

5 And, finally, Your Honor, with respect to the Korean tax  
6 authority, you have to read this very carefully. I think Mr.  
7 Sheasby may have misspoken because he seemed to suggest that  
8 somehow the -- that -- that Samsung was making arguments, that  
9 Samsung's arguments were being considered or rejected. But  
10 that's not true. These were Netlist's arguments.

11 Let me find the right slide that he showed us. Well, he  
12 did show us a slide. I don't think this is the right one.  
13 Yes, actually it is the right one, Your Honor, the top -- the  
14 top quote.

15 It talks about Netlist's -- though Samsung referred  
16 Netlist to appeal directly to the Korean tax authority, and  
17 its arguments before the tax tribunal were adverse to  
18 Netlist's interests. The its there are Netlist's arguments,  
19 not Samsung's arguments. Samsung was not a party to the  
20 Korean Tax Tribunal. The way it works is Samsung withholds  
21 the money; they then go to the Korean Tax Tribunal and try to  
22 get it back.

23 Samsung gives them some information, but they were never  
24 a party to that proceeding and they can't be bound by it even  
25 if it had any relevance here. This is not a 44.1



1 determination, and it has none.

2 So with that, unless there are questions, I will sit  
3 down.

4 THE COURT: All right. Thank you.

5 Well, I've heard considerable argument on these two  
6 competing summary judgment motions, and I felt it was  
7 important, given their impact and significance.

8 Considering the briefing and considering the argument  
9 that's presented today, I'm going to deny Plaintiff's motion  
10 for partial summary judgment. I don't think it's supported by  
11 Rule 56. I don't think the Court has a basis to grant it.

12 But I'm going to grant Defendants' motion for summary  
13 judgment. I think it's replete in the record time and time  
14 again, both from the terms of the JDLA itself and the  
15 affirmative statements made by Netlist, that until July 15th,  
16 2020, Samsung had a license defense, and after July 15th,  
17 2020, Samsung has no license defense.

18 And there just does not seem to me to be any material  
19 question of fact with regard to that issue. And the repeated  
20 affirmative statements by Netlist to various listeners and  
21 recipients that the license terminated on July 15th, 2020,  
22 just seems to me to be beyond any material dispute.

23 And I'm going to grant Defendants' motion for summary  
24 judgment, Document 196.

25 Now, we've been in here over an hour-and-a-half. We're

1 going to take a short recess. I'm aware that the ruling I've  
2 just given you may impact some of the other motions that are  
3 before the Court. I want you to meet and confer during the  
4 recess about that, and I'll hear input from you on that when I  
5 return.

6 Mr. Sheasby, you're on your feet walking to the podium.  
7 I assume you have a question.

8 MR. SHEASBY: Yes. So did you -- did the Court  
9 grant summary judgment that the HBM products are foundry  
10 products as well?

11 THE COURT: No. I don't think there's any fact  
12 issue there, either.

13 MR. SHEASBY: Okay. Thank you, Your Honor.

14 THE COURT: All right. Meet and confer on where  
15 this takes us after this ruling, and I'll hear from you on  
16 that when I return. We'll take a short recess at this time.

17 Court stands in recess.

18 (Brief recess.)

19 THE COURT: Be seated, please.

20 Counsel, two things. Number one, I've been reminded that  
21 during my housekeeping instructions to you, I didn't expressly  
22 say that you each had 30 minutes total to address the venire  
23 panel during jury selection. That's what you have--30 minutes  
24 per side. Nobody asked any questions about it because I  
25 assumed that you already knew that, but I'll just make it

1 completely clear that's what my expectation is with regard to  
2 voir dire.

3 Secondly, as I've had happen before, Mr. Sheasby got up  
4 and asked a question as I was about to get off the bench. I  
5 won't say that I was completely ready for it. I thought about  
6 the question he asked just before I recessed. I want to  
7 clarify the Court's ruling.

8 When I said no to his question, that is correct, and that  
9 is what I intended to say--that there are fact issues with  
10 respect to whether the HBM products are foundry products,  
11 which would determine whether they did or did not fall within  
12 the license that existed up until July 15th, 2020.

13 So I'm not granting summary judgment. There are fact  
14 issues at play there. So that is a live issue for the jury  
15 and an issue to be presented during the trial.

16 But to the extent they do fall within the license, the  
17 license is in place up until January 15, 2020, under the JDLA,  
18 and that's the basis upon which I'm granting Samsung's motion.

19 Both sides have conceded on the record that as of -- both  
20 sides have conceded on the record that after July 15th, 2020,  
21 there is no license defense and the JDLA was terminated, which  
22 terminated the license. So that's I think a complete review  
23 of what I've given you so far.

24 If anybody has any questions about any of those issues,  
25 now's the time to ask before we move on.

1 MR. SHEASBY: Nothing from Plaintiff, Your Honor.

2 THE COURT: Is that clear to your side, Mr. Cordell?

3 MR. CORDELL: It is, Your Honor. But I guess I'm a  
4 little curious as to what the Court's expectation is on the  
5 HBM issue. It turns out that that is the -- that is the  
6 gravamen of this motion, that the only two patents-in-suit  
7 that existed as of the time of the license are the HBM  
8 patents.

9 THE COURT: Well, I can tell you I'm persuaded,  
10 based on the evidence that's been presented, that there's no  
11 material question of fact that the termination letter executed  
12 by Netlist on July the 15th, 2020, effectively terminated your  
13 licenses -- Samsung's licenses as of that date.

14 But that does not leave open the look-back argument that  
15 Plaintiffs presented that somehow in 2018 when they say  
16 Samsung failed to substantially perform, that that somehow  
17 suspended, repudiated, or otherwise took away the license  
18 protection from the JDLA.

19 So you've got a license -- Samsung's got a license  
20 defense up until July 15th, 2020, and you don't have one after  
21 July 15th, 2020. What falls within that license as prescribed  
22 by the other terms of the JDLA is a fact question, and I don't  
23 find as a matter of summary judgment that the HBM products are  
24 foundry products and either would be within or without the  
25 license. That's a fact issue that the jury's going to have to

1 decide.

2 MR. CORDELL: Understood, Your Honor. Thank you.

3 THE COURT: Okay. All right. Let's move on to  
4 Samsung's motion for summary judgment of non-infringement as  
5 to the '060 and the '160 Patents. This is Document 197. Let  
6 me hear from Samsung as the moving party here first.

7 MR. McKEON: Good morning, Your Honor. Mike McKeon  
8 for Samsung.

9 THE COURT: Good morning, Mr. McKeon.

10 MR. McKEON: I previously handed up the slides, and  
11 you should have them. May I proceed?

12 THE COURT: You may proceed.

13 MR. McKEON: So, Your Honor, we strongly believe --  
14 and we were just talking about the HBM products and the two  
15 relevant patents for that. We strongly believe that based on  
16 the undisputed facts we have here, that summary judgment of  
17 non-infringement is warranted.

18 THE COURT: Does strongly believe somehow equates to  
19 strenuously object?

20 MR. McKEON: Well, I guess so, Your Honor.

21 THE COURT: Okay.

22 MR. McKEON: But really actually, and before I jump  
23 to the slides, I think the procedural history how we got here  
24 is actually quite telling. You know, of course, we had the  
25 *Markman* process before Judge Payne, and you know we argued

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I HEREBY CERTIFY THAT THE FOREGOING IS A  
CORRECT TRANSCRIPT FROM THE RECORD OF  
PROCEEDINGS IN THE ABOVE-ENTITLED MATTER.  
I FURTHER CERTIFY THAT THE TRANSCRIPT FEES  
FORMAT COMPLY WITH THOSE PRESCRIBED BY THE  
COURT AND THE JUDICIAL CONFERENCE OF THE  
UNITED STATES.

S/Shawn McRoberts 04/02/2023

DATE  
SHAWN McROBERTS, RMR, CRR  
FEDERAL OFFICIAL COURT REPORTER